



BLACK SWAN REAL ESTATE

Black Swan Funds



Q3 2022
Performance Report



Dear Black Swan Investors,

We again want to express our gratitude for your investment with Black Swan. It is truly an honor and a privilege to serve you. It is such a surreal feeling that at this time last year, we had just started talking about Black Swan Real Estate Fund I, and now we're sharing a quarterly performance report with you about the assets in all three Black Swan Funds! We are incredibly grateful for your continued support and we're proud to create value for you, our investors.

Q3 2022 has been one of tremendous growth, particularly for Fund II as we've closed on *five* incredible multifamily assets. We hope you're proud to call yourselves owners of some truly impressive assets. We've taken care of Fund I by completing a staggering amount of renovations and securing our first cash out refi, unlocking equity so we can continue acquiring stellar, cash flowing assets for the Fund. We launched our first ever technology fund partnering with Lotus Domaine, an incredible diversification option for our investors. These first three quarters of 2022 have been a great success—we can't wait for what's in store!

As we go into economic winter, you can rest assured that Black Swan Funds own high quality assets in excellent locations with great tenants. We watch the market, underwrite deals very conservatively, and take pride in caring for the assets in the best interest of you, the investor. *That's the Black Swan Way.*

Thank you for sharing this investing journey with us.

Yours in infinite returns,

Nick and Dr. Elaine Stageberg



FUND I SUMMARY

Fund I continues to have tremendous operational success. The Nicholas & Oliver Apartments have surpassed our projections, and are on track to meet or exceed our loftiest pro forma for income and NOI by the end of 2022. The Nicholas Apartments is an exceptionally steady, consistent asset with smooth leasing operations, no vacancy, minimal maintenance, and essentially no overhead expenses.

This was a slow quarter for acquisitions as we focused on completing a staggering amount of renovations in a small amount of time, and refinancing the Fund's single family homes. Fund I acquired one more property in Q3 bringing the total single family home count to an even 30. All renovations are complete and income is climbing steadily as renovated units become available to rent.

We are pleased to announce that the first cash-out refi on our portfolio of single family homes is complete, and we couldn't be happier with the terms. Thanks to this successful refi, Fund I is now under contract on **Residence at Discovery Square**, partnering with Fund II to acquire these 129 extremely high quality units in Rochester, MN.

Fund I will have an asset value of approximately \$50M by the end of 2022—just *one year* after the launch of this \$10M Fund.

Q3 Rent Roll (Nicholas Apartments): **\$147,179 per month**

Annual Rent Roll (Single Family Homes): **\$697,548**

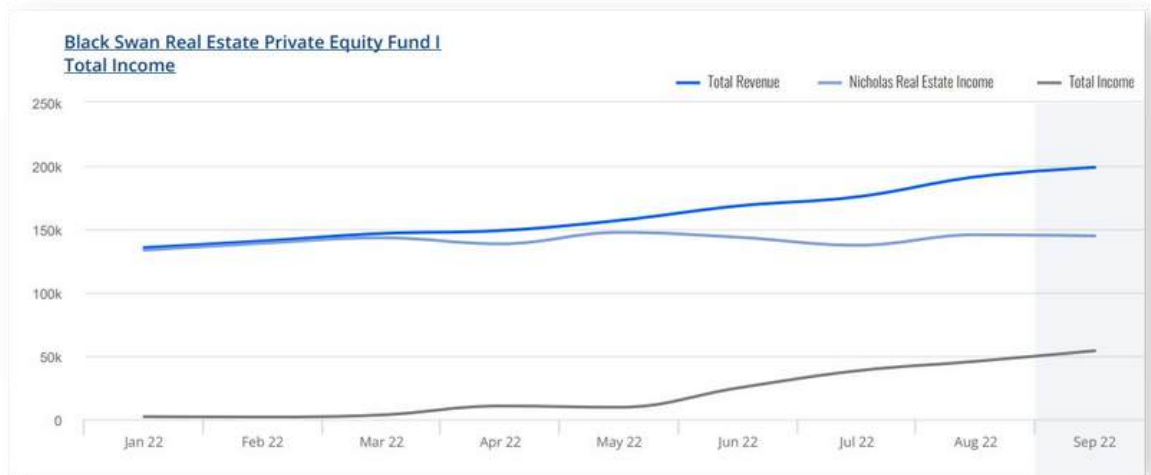
YTD Income: \$1,272,304



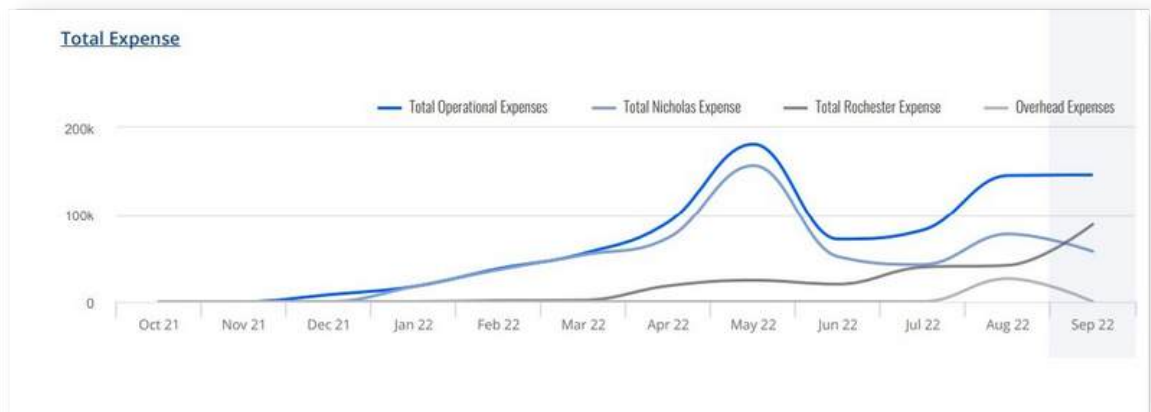


FINANCIAL PERFORMANCE

Income is rising steadily as we push rents at the Nicholas Apartments and bring single family homes online after renovations.



Excluding the big jump in April for property taxes and in summer for renovations, Fund I expenses are exceptionally low. We are operating with essentially no overhead expenses, excluding a small expense for legal & accounting. This is an industry leading lean operation!





FUND II SUMMARY

We're thrilled to include Fund II in our Q3 performance report now that we've closed on *five* incredible multifamily assets for this Fund! Fund II launched in June and has been a staggering success with a very high investor repeat rate and over \$23.5M in committed funds. Thank you for your continuing trust, support, and investment with Black Swan. We hope you're proud to call yourselves owners of some truly impressive assets.

Transitions are going smoothly for all Fund II assets. Renovations are underway at all assets, and turned units are leasing exceptionally well. We have even had existing residents reach out to us after seeing renovated units and request to pay double their current rent to move into a renovated unit!

Fund II Acquisitions

Tanara Villa Apartments - Tacoma, WA

- \$24.15M purchase price
- 130 units
- Closed September 8

Residences of Old City Hall - Rochester, MN

- \$5M purchase price
- 22 units
- Closed September 14

Hamptons Townhomes - Rochester, MN

- \$1.6M purchase price
- 12 units
- Closed September 14

Douglas Trail Townhomes - Rochester, MN

- \$11M purchase price
- 100 units
- Closed October 25

Riverview Apartments - Rochester, MN

- \$5M purchase price
- 39 units
- Closed October 27

UNDER CONTRACT



Residence at Discovery Square Rochester, MN

- \$27M purchase price
- 129 units + commercial space
- 2019 build
- Seller carry deal with only \$3M down
- Fixed rate debt under 3% for another 2 years
- No interest payments on \$4M of the purchase price for 2 years
- Will build out 9+ urban townhome units
- **Target ARV of \$36-37M**



FUND II RENOVATIONS

Renovations are well underway for the assets in Fund II. Many light remodels have already been completed. The more extensive renovations are in process and off to a great start. Renovations will pick up momentum in Q4 2022 and Q1 2023 as we get contractors into more units and tackle larger landscaping and common area projects. The transformations are already astounding!



Light kitchen remodel at Residences of Old City Hall. It's amazing what a difference hardware, LVP, and new appliances can make!



The start of full unit remodels at the Douglas Trail Townhomes.



FUND OPERATIONS

In Black Swan Real Estate Fund I and Black Swan Real Estate Fund II we do not collect acquisition fees, asset management fees, capital event fees, loan recourse fees, disposition fees, or other fees directly from invested capital. We do collect property management fees and where possible, real estate commissions, neither of which are paid from capital contributed to the fund.

Here's an example of what that a fee schedule would look like in a "Typical" Syndication or Fund:

Fund II Fees

Acquisition Fees	2% of \$46,750,000	\$935,000
Loan Recourse Fees	1% of \$32,400,000	\$324,000
Total Fees Waived*	~\$1,259,000	

Fund I Fees

Asset Management Fee	1% of \$616,000	\$6,160
Fees Waived Q1 2022	\$787,160	
Fees Waived Q2 2022	\$68,740	
Fees Waived Q3 2022	\$6,160	
Total Fees Waived*	~\$862,060	

Why do we operate this way?

Our goal is to align our interests with yours, our investors. Because we do not participate in the profit from the fund until all of your capital has been returned we are laser focused on returning capital as quickly as possible. In all of your investments, we encourage you to think critically about fee structure and we are proud to offer an industry-changing alternative that puts the interests of you, the investor, first and foremost.

**Based on example fee schedule in a typical private equity fund.*



BLACK SWAN TECHNOLOGY FUND I

One of the things that makes this quarter so special is the launch of Black Swan Technology Fund I, our first offering outside the real estate world. Although real estate remains our number one investment vehicle, Technology Fund I is an excellent way to diversify your portfolio, generate wealth, and minimize risk. We've partnered with the Lotus Fund III, to make the exclusive \$165M Fund available to all accredited investors. This is a value-add investment strategy very similar to Fund I and Fund II, and we couldn't be more excited about the alignment of interests.

Because Lotus Fund III launched in 2020, this Fund already owns 6 tech companies and deployed \$72M. **The first distribution for Black Swan investors will go out around the end of December!**

***Investors must have funded by the end of November to get the December distribution.*

Technology Fund I Acquisitions



CONVOX - enables the automation of application deployment and management, allowing development teams to utilize more features more efficiently. The CONVOX charter prioritizes uptime, scalability, and development process.

Joi Delivers - in the \$250B home delivery segment of the mobility space. Their unique go-to-market strategy utilizes independent marketing reps who recruit freelance drivers, merchant partners and customers via word-of-mouth, advertising, and social selling.

PayForward - an exclusive membership rewards program. Members receive up to 15% cash back when shopping at 120,000+ participating merchants. These cash earnings can then be used on healthcare expenses, favorite charities, kids' tuitions and more.

EdgeTI - provides scalable, secure, multi-tenant, customer-facing portals that uniquely deliver on the promise of a Single Pane of Glass solution. They extract and aggregate operational and management data from disconnected systems, while providing automated workflow 'pipelines' to orchestrate specific tasks across various business and IT systems.

ChannelMix - serves the approximately \$63.2 billion SEO/SEM market. An innovative combination of data aggregation, analytics, proven-accuracy decision-making and intuitive UI give ChannelMix an irrefutable advantage in this major-spend space.

Coinonía - Coinonía Fund has developed a block chain platform strategy that scales across three distinct 'Pillars' in the Web3 domain via their tested and proprietary methodology.



FUNDING DEADLINES

If you like what you've read here and want to participate, there's still time to invest!

We have had many investors inquire about increasing their investments. YES-you can absolutely add to your existing investment, in any increment of \$1,000.

Please reach out to **rachel@blackswanteam.com** to increase your existing investment.

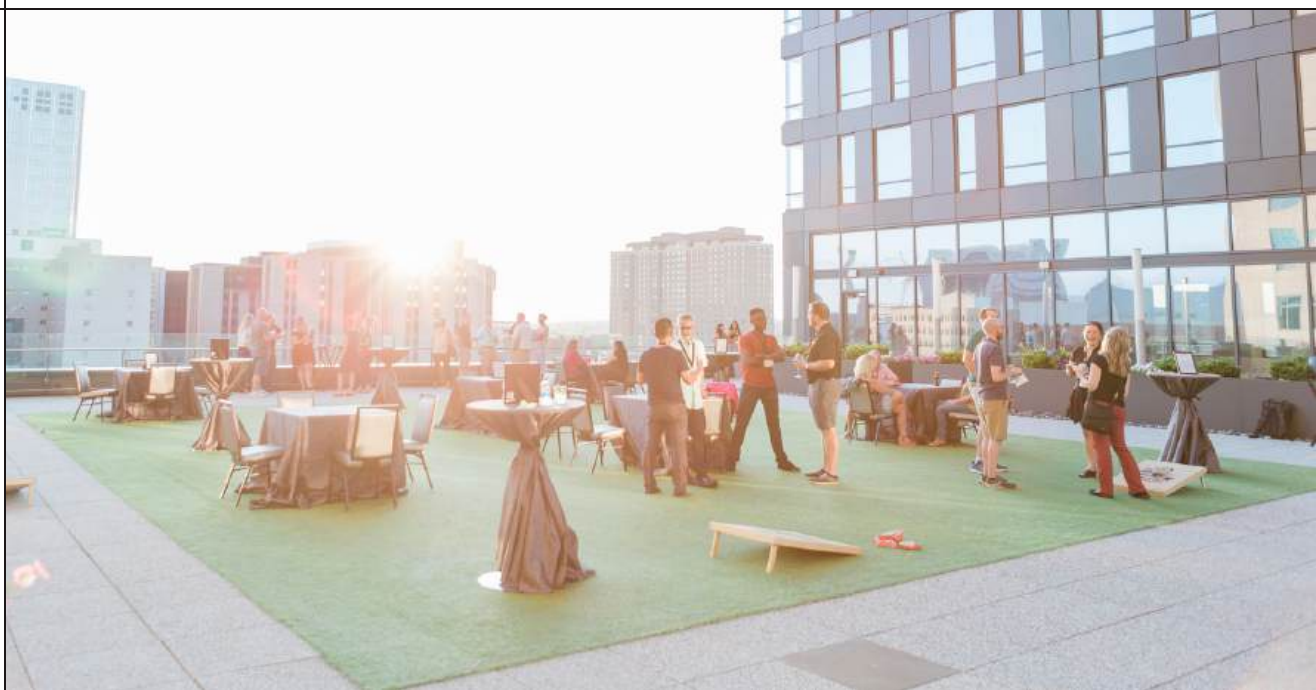
The deadline to invest in Black Swan Real Estate Fund II is **December 23, 2022.**

INVEST NOW at blackswanfund.com

The deadline to invest in Black Swan Technology Fund I is **December 16, 2022.**

***Please note: you must invest by November 30 to receive the distribution at the end of December.*

INVEST NOW at blackswantechfund1.com





CONCLUSION

We are so pleased with the Q3 outcomes for all Black Swan Funds. We're especially excited to continue adding value through the end of the year, into 2023, and for years to come. Black Swan is now at *one third* of \$1B AUM. What an incredible milestone! Thank you for being a part of this journey with us.

We are incredibly grateful for the opportunity to lead, to help protect and grow your wealth. We hope you're proud to call yourselves owners of some truly impressive assets. As the market changes and we face economic winter, we are proud to offer an extraordinarily safe investment that puts the needs of you, the investor, first.

As a reminder, we will send updated performance reports quarterly. In the meantime, make sure you stay connected with us on Facebook, in our weekly email newsletters, and in our monthly Community Power Hour live meetings, where we will share updates on the Funds in real time. For more information and ways to connect with us, visit **meetblackswan.com**.

Thank you again for investing with us. We are continually humbled by the enthusiasm and support from the Black Swan community, and we're honored to venture into new territory with you. We couldn't be happier with the outcomes from all Black Swan Funds and the bright future for these collections of assets. We look forward to serving you in future funds.

Yours in infinite returns,
Nick and Dr. Elaine Stageberg